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July 20, 1998

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Werner Ahrenstedt American International Underwriters New York Claims Management Department 70 Pine Street - 14/72 New York, NY 10270

Re: Potential Claim for Environmental Damage in the

Coeur d'Alene Basin, Northern Idaho

Insured: Group R. Co., Inc.

Policy Nos.: 75-101660 75-100906

75-101539 75-100907 75-103566 75-101723 75-103641 75-101724

Dear Mr. Ahrenstedt:

We have received your letter of April 6, 1998, wherein you acknowledge receipt of copies of the declaration pages for policies 75-101660 and 75-101539. In your letter, you request that we provide you with the names and addresses of all primary insurers and other umbrella and excess carriers that we have noticed with respect to the above-referenced claim. You also request that we provide you with copies of the other policies listed above that may be in our possession.

Before responding to your requests, we note that our records indicate that you have received our letter of May 27, 1998, in which we informed you that the Court denied without prejudice the motions filed by the U.S. Department of Justice (the "United States") and Coeur d'Alene Tribe (the "Tribe") seeking leave to amend their complaints to add our client, Group R Co., Inc., ("Group R") as a defendant. Consequently, Group R is not being added as a defendant at this time. We will continue to monitor the case closely and keep you informed of any relevant developments.

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With regard to your request for names and addresses of other insurers, please be advised that we have been working with our client to assemble its full insurance coverage profile. Despite the fact that Group R is not being named as a defendant at this time, we intend to continue working on that task. Once that task is complete, and depending on whether the United States and the Tribe renew their motions to add Group R as a defendant or seek a settlement with Group R, we will provide that information to you. Please note that, due to the size of the task, we do not expect to have this information any time in the immediate future.

With regard to your request for copies of policies, as we informed you in our letter of November 24, 1997, we are working with our client to locate copies of the other policies referenced above. To date, we have not been able to locate any additional copies. We will continue our search and provide you with any copies that we locate.

If you have any questions, please do not hesitate to contact me or Michael David Lichtenstein of this office.

Thank you for your attention to this matter.

Maris Mussert

Very truly yours,

David M. Wissert

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cc: Michael David Lichtenstein, Esq.

